

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange, all grades of butter are unchanged: Grade AA is \$.9000, Grade A is \$.8000, and Grade B is \$.7900. At the National Cheese Exchange in Green Bay, barrels increased 1/4 of a cent to \$1.2425 and 40# blocks decreased 1/2 cent to \$1.2750.

On January 7, 1997, U.S. Agriculture Secretary Dan Glickman announced that he is taking several actions to strengthen farm-level milk prices. The new USDA actions include: purchase an additional \$5 million worth of cheese for use in domestic food assistance programs, work with private voluntary groups to increase the flow of dairy products into our international food assistance programs, reactivate the Dairy Export Incentive Program (DEIP) for butterfat, and step up DEIP sales activity for nonfat dry milk. In addition, the Department is actively working with private voluntary organizations to increase utilization of dairy products in USDA international food assistance programs.

According to NASS, estimated butter production was 94.3 million pounds in November, 4% above November 1995 but 1% below October 1996. American type cheese production totaled 260.7 million pounds, 3% above last November but 2% below a month ago. Total cheese output (excluding cottage cheese) was 587.5 million pounds, slightly above November 1995 but 3% below October 1996. Nonfat dry milk production, for human food, totaled 73.8 million pounds, 1% above November 1995 and 12% above October 1996. Dry whey production, for human food, was 75.8 million pounds, 9% below a year ago and 8% below last month.

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in December 1996 declined 1 point to 114. Compared with December 1995, the index was up 2 points (1.8%). The index of prices received by farmers for dairy products declined 6 points during the month of December 1996 to 109. Compared with December 1995, the index was up 3 points (2.8%).

BUTTER MARKETS**CHICAGO WHOLESALE**

Dollars per pound, trucklot, bulk in fiber boxes, delivered metropolitan area, prices include CCC purchase price whenever bulk butter is moving to CCC from the Midwest area.

GRADE	JANUARY 07	JANUARY 09	JANUARY 10
AA	\$0.9000 - 0.9100	\$0.9000 - 0.9100	\$0.9000 - 0.9100
A	\$0.8000 - 0.8100	\$0.8000 - 0.8100	\$0.8000 - 0.8100

() Change from previous price.

BUTTER HIGHLIGHTS: At the Chicago Mercantile Exchange, all butter prices are unchanged. Churning schedules remain active across the country. Demand for both bulk and print butter is strong. Stocks of butter range from in close balance to short of full trade needs. Many buyers continue to catch up from strong holiday sales by replenishing depleted stocks. Uncertainty continues in the market as to the stability of current price levels. Following the unchanged support price and continued strong demand, producers and handlers are unsure if or when trading levels will adjust.

CHICAGO MERCANTILE EXCHANGE

Butter Transactions on **FRIDAY, JANUARY 10, 1997**
(CARLOT UNIT = 40,000 LBS.)

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION - LST
AA	N.C.	\$0.9000 : SALE 01/10/97
A	N.C.	\$0.8000 : SALE 12/20/96
B	N.C.	\$0.7900 : BID 12/20/96

SALES: 5 CARS GRADE AA: 2 @ \$.9300,
1 @ \$.9200, 1 @ \$.9100, 1 @ \$.9000 (LST)

BIDS UNFILLED: 1 CAR GRADE AA @ \$.9000

OFFERS UNCOVERED: NONE

On a 3.5% butterfat basis, prices received by farmers in December with changes from November were: for All Milk, \$13.98, down 83 cents; for Fluid Grade Milk, \$14.09, down 82 cents; and for Manufacturing Grade Milk, \$11.58, down 61 cents.

Class I sales returned to higher levels as most remaining schools reopened after the holiday break. Manufacturing plants were returning to more normal schedules after absorbing the extra fluid supplies over the holidays. Weather, and its effect on cattle and milk production, is a major problem in parts of the West. Heavy rains and widespread flooding in Northern California killed some dairy cattle and forced the evacuation of thousands of others. This reduced milk production in affected areas. The wet conditions add additional herd health problems and exasperate the already expensive/limited feed supply situation. Haulers are, in instances, forced to detour around some locations. Less severe flooding problems had occurred in the Pacific Northwest though conditions are returning to normal. Heavy snow accumulations in parts of the Dakotas and upper Midwest caused some buildings to collapse and, when combined with high winds, forced the closing of some schools and travel is more difficult. In the mid-South and the East Coast, bottling levels were increased in anticipation of possible ice and/or snow storms around midweek which typically cause increased purchases of food staples like milk.

SPECIAL THIS ISSUE

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CHEESE MARKETS**WISCONSIN ASSEMBLY POINTS**

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants or storage centers, prices include CCC purchase price whenever cheese is moving to CCC from the Midwest area.

CHEDDAR STYLES	JANUARY 6 - 10, 1997
BARRELS*	\$1.2300 - 1.2500 (NOMINAL) (.0625) (.0625)
40# BLOCKS	\$1.2800 - 1.3100 (.1025) (.0925)

() Change from previous week. * If steel, barrel returned.

CHEESE HIGHLIGHTS: The cheese market is unsettled. Prices are mixed in heavy trading at the National Cheese Exchange. Sales of natural varieties are generally good, bolstered by the rebuilding of inventories and orders for anticipated Superbowl parties. Process sales are steady to improved. Cheese production has returned to near pre-holiday levels. During the first 11 months of 1996, estimated U.S. American cheese output, converted to the same number of days, totals 2.998 billion pounds, up 149.0 million pounds (5.2%) from the same period in 1995. Total cheese production for the same 1996 period totals 6.524 billion pounds, up 259.4 million pounds (4.1%) from 1995.

NATIONAL CHEESE EXCHANGE, INC.

Cheese Transactions on **FRIDAY, JANUARY 10, 1997**
(CARLOT UNIT = 40,000-44,000 LBS.)

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION
BARRELS	+.0025	\$1.2425 : SALE 01/10/97
40# BLOCKS	-.0050	\$1.2750 : SALE 01/10/97

SALES ON BIDS: 15 CARS BARRELS @ \$1.2425 (LST)

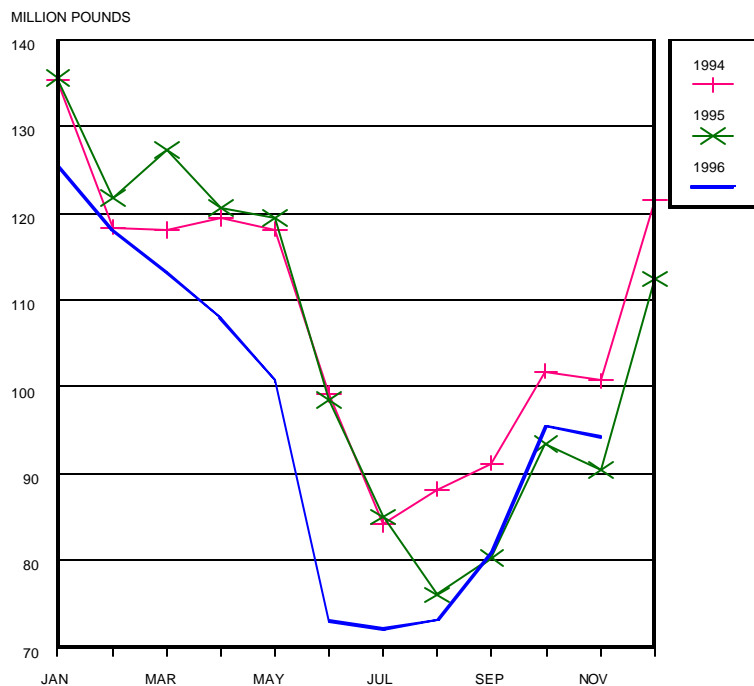
SALES ON OFFERS: 5 CARS BARRELS @ \$1.2425
36 CARS 40# BLOCKS: 10 @ \$1.2750 (LST),
17 @ \$1.2775, 9 @ \$1.2800

BIDS UNFILLED: NONE

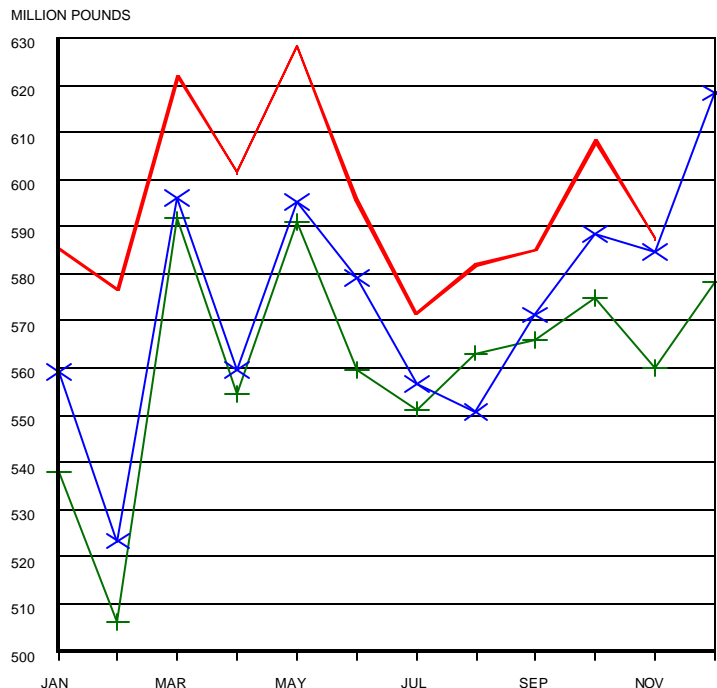
OFFERS UNCOVERED: 10 CARS 40# BLOCKS: 5 @ \$1.2800, 5 @ \$1.2750
1 CAR 40# BLOCKS (7 MONTHS OLD) @ \$1.7925

CORRECTION: Last week's offer of aged cheddar blocks should have been noted as 7 months old.

U.S. BUTTER PRODUCTION



TOTAL U.S. CHEESE PRODUCTION



NASS DATA, GRAPHS BY DAIRY MARKET NEWS

PRINT BUTTER MARKETS - GRADE AA

NORTHEAST

Prices are unchanged and the market tone is firm. Many contacts had expected the CCC to announce an increase in the support purchase price of butter, but when the new prices were announced (late on Dec. 31), the butter purchase price remained \$0.6500 per pound. With churning activity very heavy during the past 7 - 10 days and the unchanged support price, some contacts now wonder how long, or if, trading levels will hold at these prices. However, most butter makers are very busy filling existing orders and report continued good demand for bulk. Print butter stocks are light to moderate. Retail demand is holding up quite well. Some chain stores continue to place orders as they try to refill their holiday-depleted stocks. Food service orders are holding up quite well as restaurants continue to do a good, seasonal business.

WHOLESALE PRICES: MIN 25 BOXES
DOLLARS PER POUND, DELIVERED EAST COAST CITIES

1/4 LB. PRINTS	:	1.1100-1.3375
1 LB. PRINTS	:	1.0250-1.2075
CHIPS/PATTIES	:	1.0875-1.2575
REDDIES	:	1.1625-1.3675
CONTINENTALS	:	1.2425-1.4175

CENTRAL

Print butter markets are generally steady at unchanged prices. Demand remains strong. Orders early in the first quarter of the calendar year are much heavier than they have ever been. Strong demand is being attributed to continued good retail sales and, some handlers are looking at possible storage for later use. Handlers that are considering storage are concerned about putting butter away at current market price levels. Current production remains active and often not keeping up with demand. Supplies range from in balance to short of full needs.

FOB CENTRAL STATES PLANTS: MIN 20,000 POUNDS, \$ PER POUND

1/4 LB. PRINTS	:	1.0000-1.4075
1 LB. PRINTS	:	.9650-1.1275
CHIPS/PATTIES	:	.9900-1.2000
REDDIES	:	1.0725-1.3100
CONTINENTALS	:	1.2300-1.4200

WEST

Western print butter markets are generally steady at unchanged prices. Production is mixed, some producers are stating that production is limited and stocks are short of full needs, while others are experiencing heavier output. Demand for butter remains strong. Often, producers are holding with confidence stocks that are not clearing the market. Export buying interest is surfacing, although with current prices and supply uncertainty later this year, stocks are limited for export sale. Butter production in the United States during November totaled 94.3 million pounds, 4% heavier than last November but 1% lighter than October 1996. In California, production was steady with last month, but 9% lighter in Oregon and 11% less in Washington.

WHOLESALE SELLING PRICES: DELIVERED WESTERN CITIES
150 - 1000 POUNDS, DOLLARS PER POUND

1/4 LB. PRINTS	:	1.1850-1.2450
1 LB. PRINTS	:	1.1225-1.1750
PATTIES	:	1.1750-1.3225
REDDIES	:	1.2800-1.3025

FOB CALIFORNIA PLANTS - GRADE AA
100 CASES AND UP, DOLLARS PER POUND

1/4 LB. PRINTS	:	.9100-.9625
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WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
01/06/97	4,895	:	108,242
01/01/97	4,551	:	108,543
CHANGE	+ 344	:	-301
% CHANGE	+ 8	:	N.C.

Based on the historical relationship of the preliminary U.S. Cold Storage report of November 30, 1996 and the selected centers storage report, the expected U.S. holdings as of January 1, 1997 are:

Butter 8 million pounds plus or minus 0.93 percent
Cheese 360 million pounds plus or minus 2.00 percent

CHEESE MARKETS

NORTHEAST

Prices are sharply higher on most natural and process items. Swiss, however, is unchanged to lower within the range. The market tone is unsettled. Many contacts were not surprised by the increases at the National Cheese Exchange, but they were surprised at the size of the increases. Production levels are very heavy as most plants still have a lot of holiday surplus milk to process. The CCC announced that the support purchase price for cheese, effective January 1, 1997, was reduced 1.5 cents to \$1.1000 for barrels and \$1.1300 for blocks. Eastern producers report increasing inventories. Demand for cheese is mixed. Some buyers are working off pre-holiday inventories while other continue to order regular volumes. Cheese consumption improves during the "party season" known as the NFL playoffs. Retail sales are holding up quite well and food service orders are good.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2650-1.7625
Cheddar Single Daisies	:	1.2350-1.7575
Cheddar 40# Block	:	1.4175-1.5675
Process 5# Loaf	:	1.3975-1.5900
Process 5# Sliced	:	1.4075-1.6050
Muenster	:	1.4525-1.8225
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is steady to firm. On January 3 at the National Cheese Exchange, the final transaction on 40# blocks was 9.25 cents above the previous week at \$1.2800. Barrels increased 6.25 cents on the Exchange to \$1.2400. The increase has helped stimulate orders from buyers using price protection policies offered by some firms or to beat another possible increase. Stocks are being rebuilt for the usually strong cheese sales associated with the Superbowl. "Regular" quality Midwestern cheddar is not being discounted under the market as it was in late 1996. However, for generic barrel and blocks, premiums have been compressed and are likely to remain so due to the continued presence of Western cheese. Cutter/packagers remain on heavy schedules. Most processors are typically operating on steady to slightly more active schedules. Current barrel supplies are in better balance. Barrels, with more than a few weeks age on, remain a problem for some producers/processors. Mozzarella movement is generally steady. Cheese production has returned to near pre-holiday levels.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.5200-1.5775
Brick And/Or Muenster 5#	:	1.5600-1.7350
Cheddar 40# Block	:	1.5300-1.9250
Monterey Jack 10#	:	1.7300-1.9250
Blue 5#	:	1.8825-2.0900
Provolone 10 - 12#	:	TFEWR
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6000-1.9650
Grade A Swiss Cuts 6 - 9#	:	2.2400-2.5300

WEST

Prices moved sharply higher for both natural and process cheese following trading at the National Cheese Exchange on January 3. Swiss is steady at best with stocks still larger than desired. Buyers are looking for cheese for immediate needs as well as cheese for aging and storage for future needs. Stocks are quite well cleaned up. Some plants are deciding to not as aggressively sell cheese for the time being in hopes of some additional price increases. November total cheese production for the U.S. was 587.5 million pounds, even with last year. This is the first month in 1996 that wasn't ahead of the previous year's output. American cheese output was up 3% while Swiss was up 7%. November American cheese output compared to last years for selected Western states is as follows: California up 31%, Idaho up 3%, Oregon up 7%, Utah up 51%, and Washington up 22%.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4325-1.7800
Cheddar 40# Block	:	1.4925-1.7350
Cheddar 10# Cuts	:	1.7025-1.8400
Monterey Jack 10#	:	1.7025-1.8050
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5700

FOREIGN TYPE CHEESE

Domestic cheese prices are sharply higher with no reported changes on imported styles. The market tone is seasonally weak as table cheese sales usually slow after the holidays. Also, higher purchase prices in the countries of origin are slowing imports. Distributors' stocks range from light to adequate.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.6150-2.1825*
Gorgonzola	: 3.2400-5.9400	: 2.2375-2.4900*
Parmesan (Italy)	: 7.1700-8.0000	: 2.9875-3.0625*
Romano (Italy)	: 2.1000-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.2875-1.7950*
Romano (Cows Milk)	: -0-	: 2.8175-3.0225*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.2500-2.5050
Swiss Cuts Finnish	: 2.5900-2.7200	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

The December BFP was \$11.34, 27 cents lower than November. Following that announcement, Eastern Federal Milk Market Administrators announced a like drop in the January Class I & II and December Class III prices. The December Class III-A is \$11.81 in Federal Orders (F.O.) 1 & 2, \$11.83 in F.O. 4, and \$11.75 in all other Eastern F.O.s. December's butterfat differential is \$0.068. This week, surplus milk volumes have dropped back to more normal levels and most manufacturing plants have "caught up" and are operating on much lighter schedules. Milk production is still increasing in most of the region with the biggest gains still being reported in Florida and other Deep South states. Florida handlers are no longer shipping milk out of state and the rapid turn around in demand has them importing some loads after midweek. Bottled milk sales are reported as excellent. Most schools are back in session and the refilling of those pipelines are clearing a lot of milk. The strike at a large chain store owned bottler is still in effect and having an impact on the Class I market. A snow and ice storm is predicted to hit the mid-South and East Coast late this week and bottlers are getting frantic calls from stores who want to have plenty of milk on hand to meet the anticipated panic buying. Currently, manufacturing plants are operating well below last week's levels. The condensed skim market is mostly steady. Prices are unchanged to lower. Spot demand is fair. Many ice cream makers are again taking cream and condensed after being down for the holidays. However, most are just taking normal volumes and making no additional spot purchases. The fluid cream market is firmer as surplus milk volumes have eased and cream offerings are lighter. Spot prices are often higher and fewer excess loads were looking for a home. Demand for cream by ice cream producers is improving as noted above. Use in other products ranges from lighter to moderate. Churning activity is still quite heavy, much lighter than last week when cream supplies were burdensome.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	- 1.0000 - 1.1040
Delivered Equivalent Atlanta	- 1.0000 - 1.2710 M 1.0000-1.0560
F.O.B. Producing Plants: Upper Midwest	- 1.0400 - 1.1360

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	- 1.1700 - 1.3250
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M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
JANUARY 3 - 9, 1997	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1996	33

Class I sales are generally improved, back to at least the levels experienced when schools were in session prior to the holidays. Also, retail promotional activity is occurring in some markets. A midweek forecast of potential heavy snow from Minnesota, Wisconsin, and Michigan southward was stimulating increased bottled milk and other food "staples" sales, especially in those areas not as accustomed to snow. At least one bottler ended up purchasing some extra milk around midweek for around \$1.50 over class. Manufacturing milk demand has improved, though many plants remained full from extra holiday milk, often till midweek. Some holiday surplus milk was again cleared to upper Midwestern manufacturing plants from other states. Extra surplus was cleared to manufacturing plants with reported prices ranging from a low of \$10.50 upwards to about 70 cents over class. Previous heavy snow accumulations in parts of Minnesota,

Wisconsin, and Michigan as well as the Dakotas caused the usual kind of delays in delivery and receipt schedules. There were a few reports of buildings collapsing caused by large accumulations of snow and/or rain combinations. A case of apparent sabotaged cattle feed, caused a feed recall and replacement. No milk contamination was found. Some milk was dumped as a precaution. Plant milk intakes are increasing noticeably at more locations. Cream demand remains good from both churns and ice cream accounts. Spot cream supplies were again tight by midweek. Some firms are trying to rebuild finished product inventories.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JAN 3 - 8	PREVIOUS YEAR
SLAUGHTER COWS	\$ 28.00- 33.00	\$ 30.00- 38.00
REPLACEMENT HEIFER CALVES	\$ 90.00-150.00	\$ 90.00-150.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JAN 3 - 8	PREVIOUS YEAR
SLAUGHTER COWS	\$ 27.00- 33.75	\$ 31.50- 36.00

W E S T

The February and March Class 1 prices in California are \$14.32 in Northern California and \$14.59 in Southern California. The statewide average is \$14.38, \$3.47 lower than the previous 2 month period and \$0.86 lower than a year ago. The California Department of Agriculture released the December 4a (butter/powder) price as \$11.58, \$0.75 lower than last month but \$0.65 higher than December 1995. The 4b (cheese) price is \$10.67, \$0.74 lower than November and \$1.59 lower than December of last year. According to NASS, preliminary December "All Milk" prices received in the U.S. averaged \$13.98 on a 3.5% butterfat basis. The December Basic Formula Price (BFP) is \$11.34 at a 3.5% butterfat test. Adverse weather conditions are the major topics of discussion in the Southwest. Midstate California and areas south are in good condition with production following seasonal trends, but the northern half of California is another story. In the Northern part of the Central Valley, heavy rainfall over the past week to ten days and snow melt from the mountain ranges caused large volumes of water to tax the levee system. The levee system was not built to handle this large volume of water, thus broken levees occurred, causing widespread flooding. In instances, entire dairies are covered with water. Thousands of dairy animals are being moved to higher ground, but a number of animals were lost. It is still too early to assess the damage on the affected dairying operations and herd health, but most feel that it will not be good. A large cooperative effort from fellow producers is occurring within the region to help those affected producers. Stress on many milking herds in the flooded area is already evident by lower production. Weather conditions continue to improve in the Pacific Northwest. Temperatures remain warm, but the low level flooding that was prevalent last week has abated. Few detours are necessary to pick up milk or deliver product. Some milk was lost in the most northerly areas of the region last week, but, in the big picture, it was minimal. More problems are now noted on the financial side than on the production side. Some producers are falling behind on feed bills while they have already cut back on rations. Hay prices are very high and expected to go further due to the major flooding problems in California. Heifer sales have declined to almost nothing while slaughter cow offerings are increasing at the yards. Weather conditions are very moderate over most of the northern Intermountain region. The snow cover has disappeared from the valleys and it is cold enough that muddy yards have disappeared for the time being. The warm weather and mud had raised SCC on incoming milk at many plants. Production is holding up quite well.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 01/09/97 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are lower and the market tone remains weak. Demand is generally light to moderate. Buyers can get offerings from many sources. Demand from cheese producers is good as cheese prices improve and NDM regains usage for standardizing/fortification. Stocks are variable but increasing at many plants. U.S. production of human food NDM during November totaled 73.8 million pounds, 1% above last year and 12% more than last month. (Combined MN and WI production during November totaled 1,400,000 pounds.) Manufacturers' stocks at the end of November totaled 48.1 million pounds, 4% less than last year but 2% higher than last month.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.1050 - 1.1850 MOSTLY: 1.1100 - 1.1500

DRY BUTTERMILK - CENTRAL

Buttermilk prices are lower and the market tone remains unsettled. Prices were pressured by lower western offers. Production is moderating for some producers, sporadic for others. Condensed orders are redeveloping. Demand is light to fair and not clearing all offerings. Stocks are increasing. During November, U.S. dry buttermilk production totaled 3.8 million pounds, down 4% from last year but 1% above October. End-of-month stocks totaled 2.5 million pounds, down 16% from last year but 17% more than last month.

BUTTERMILK: .9000 - .9500

DRY WHEY - CENTRAL

Whey prices are fully steady in moderate market activity. The market tone is steady to slightly firm. Offerings are available from most plants in the region. Demand is fair, but below expected levels. Production remains good as cheese prices improve and more milk is being directed to cheese plants. Stocks are light to moderate. U.S. production of human food whey during November totaled 75.8 million pounds, 9% lower than last year and 8% less than last month. End-of-November stocks, at 27.2 million pounds, are 8% less than last year and 13% lower than October.

NONHYGROSCOPIC: .1800 - .2000 MOSTLY: .1800 - .1850

ANIMAL FEED WHEY - CENTRAL

Prices for all types are unchanged and nominal in limited trading. Offerings of milk replacer and standard are light and buying interest is fair. Delactose demand is fair from the feed sector. Roller ground whey supplies are adequate to fill current demand. November U.S. animal feed, dry whey production totaled 4.2 million pounds, 34% less than last year and 12% lower than last month. Month-ending stocks were 3.3 million pounds, 15% more than last year but 31% below last month. Animal feed, reduced lactose and minerals whey production during November totaled 2.1 million pounds, 26% higher than last year. All reduced lactose and mineral stocks (animal and human), at 5.1 million pounds, were 53% lower than last year.

MILK REPLACER: .1600 - .1750
STANDARD: .1500 - .1700
ROLLER GROUND: .1800 - .1975
DELACTOSE (Min. 20% protein): .3200 - .3800

LACTOSE - CENTRAL AND WEST

Lactose prices increased within the range as first quarter contracts took effect. Most contract prices were higher, reflecting good export demand. Domestic feed demand for lactose is light due to the higher prices. Some contacts are concerned about the higher prices. While producers like the levels, they fear that higher prices could eventually weaken demand and send prices down. Producers' stocks are in good shape. U.S. lactose production during November totaled 36.3 million pounds, 49% higher than last year and 10% more than last month. End-of-November stocks, at 15.6 million pounds, are 21% lower than last year and 7% less than last month.

Including spot sales and up to 3 month contracts.

EDIBLE: .2000 - .2600 MOSTLY: .2300 - .2500

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices and the market tone continue to hold steady. Market activity is light to moderate but not as aggressive as some contacts had expected. Some producers are attempting to return to normal pricing structures, but others are unable. Feed demand is light to fair at best. U.S. production of human food WPC during November totaled 17.2 million pounds, a 12% increase from last year but 10% lower than last month. Manufacturers' stocks at the end of November totaled 8.7 million pounds, 33% more than last year and 23% above last month.

EDIBLE 34% PROTEIN: .5500 - .6100 MOSTLY: .5800 - .5900

NONFAT DRY MILK - WEST

Nonfat dry milk markets are mixed. The tone of the market remains weak. Buyer interest is light. Large lot volumes continue to be offered at lower prices, but buyers are not overly interest in acquiring large volumes even at lower prices. Stocks are fully sufficient for most needs. Nonfat dry milk production during November total 73.8 million pounds, 1% higher than November 1995 and 12% higher than last month. Manufacturers' end of the month stocks total 48.1 million pounds, 4% lighter than last November, but 17% higher than October 1996.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0800 - 1.1300 MOSTLY: 1.0900 - 1.1000

HIGH HEAT: 1.1200 - 1.1400

DRY BUTTERMILK - WEST

Buttermilk powder markets are basically steady at unchanged prices. Buying interest has improved, although sales activity remains light, but more active than in many months. Stocks of powder range from fully committed to loads available for sale. During November, buttermilk powder production in the U.S. totaled 3.8 million pounds, 4% lighter than last November and 1% above October 1996. Manufacturers' end of month stocks totaled 2.5 million pounds 16% lighter than last November, but 17% heavier than last month.

BUTTERMILK: .8450 - .9500

DRY WHEY - WEST

Western whey prices are showing some fractional strength this first full week after the year-end holidays. Most contacts are pleased to see this after the normal holiday and transportation problems of the past two weeks. Both export and domestic demand are good. Many plants are sold out for at least a week or two. Edible U.S. whey production in November totaled 75.8 million pounds, down 9% from last year. Stocks at the end of the month stood at 27.2 million pounds, down 8% from last year. Total dry whey production for the first eleven months of the year totals 1021.5 million pounds, down 5% from the same period in 1995.

NONHYGROSCOPIC: .1850 - .2050 MOSTLY: .1850 - .1950

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended January 06, on powder sales of 8,869,027 pounds f.o.b. California manufacturing plants was \$1.1167 per pound. This compares to 6,330,575 pounds at \$1.1276 for the previous week ending December 30, 1996 1/. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

1/ Editor's note: Due to holiday schedules, this is the first release of price information for the week ending December 30, 1996.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are lower as Eastern producers lower prices to meet competition from Western powder. The market tone is steady to weak. Production levels have been very heavy during the past week or two and producers' stocks are growing. This week, output is lighter as surplus milk volumes shrink. Plant inventories aren't too heavy, but most producers would like to clear some powder. Most single-load sales are in the \$1.18 area with some multi-load deals being made at the low end of the range. Demand is fairly good as buyers started taking normal volumes after the first of January. Production of human food, nonfat dry milk during November 1996 totaled 73.8 million pounds, up 1% from November 1995 and 12% more than October 1996. Month ending stocks, at 48.1 million pounds, are 4% below a year ago but 2% more than last month.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST:	1.1550 - 1.2300
DELVD SOUTHEAST:	1.1300 - 1.2600

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to occasionally lower. The delivered Southeast prices are nominal. Production levels are light to moderate. During the year end holiday period, most butter/powder plants had so much milk that they were unable to take much time to dry buttermilk. However, those that did dry, report accumulating stocks. Demand for dry buttermilk is improving now that prices are generally below a dollar. Dry buttermilk production during November 1996 totaled 3.8 million pounds, down 4% from November 1995 but 1% more than October 1996. Month ending stocks, at 2.5 million pounds, are 16% less than a year ago but 17% above last month.

F.O.B. NORTHEAST:	.8800 - 1.0000
DELVD SOUTHEAST:	.9200 - .9850

DRY WHOLE MILK - NATIONAL

Prices are steady to higher. The market tone is quite firm. Production levels are lighter as many producers have been making NDM because of the very heavy volumes of surplus milk. The current, light output is easily being cleared by a relatively good demand. Spot interest is still light, but a little improved. Dry whole milk production during November 1996 totaled 6.7 million pounds, down 38% from November 1995 and 35% less than November 1996. Month ending stocks, at 2.6 million pounds, are 57% less than a year ago and 32% less than last month.

F.O.B. PRODUCING PLANT:	1.1550 - 1.2600
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DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1996 THROUGH JANUARY 7, 1997
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	-	11,485	MT (25,319,831 LBS)
CHANGE	-	78	MT (171,959 LBS)
WHOLE MILK POWDER	-	860	MT (1,895,956 LBS)
CHEESE	-	659	MT (1,452,931 LBS)
CHANGE	-	20	MT (44,092 LBS)
BUTTERFAT	-	0	

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices and the market tone are mostly steady. Production levels are lighter now that the holiday surplus milk volumes have been processed. Output was heavy during the holidays when milk volumes were very heavy. Plant stocks are slightly heavier, but most producers report light to moderate inventories. Demand is steady. Contacts report an increase in interest and shipments now that we are in 1997. Production of human food, dry whey during November totaled 75.8 million pounds, 9% less than November 1995 and down 8% from October 1996. Month ending stocks, at 27.2 million pounds, are 8% below a year ago and 13% less than last month.

F.O.B. NORTHEAST:	EXTRA GRADE	.1800 - .1850
	USPH GRADE A	.1850 - .1975
DELVD SOUTHEAST:		.1925 - .2200

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. The market tone is about steady. Offerings of animal feed quality powder are light, but Extra Grade offerings are adequate. Demand is fairly brisk. Prices have held at current levels for a while and buyers are showing a little more interest since prices are not dropping any further. Production of animal feed, dry whey during November totaled 4.2 million pounds, 34% less than a year ago and 12% below October 1996.

F.O.B. NORTHEAST:	MILK REPLACER	TFEWR
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EVAPORATED MILK - NATIONAL

Prices are unchanged. Production is slowing slightly after heavy output during the Christmas/New Years holiday period when surplus milk volumes were heavy. Plant stocks are well below normal levels. Some producers are working to replenish stocks before milk prices increase. Demand for canned evaporated milk, though fairly good, is slowing along typical patterns. Canned evaporated milk production during November 1996 totaled 52.9 million pounds, up 48% from November 1995 and 24% more than October 1996. Month ending stocks, at 16.5 million pounds, are 62% less than a year ago and 24% less than last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES	\$22.50 - 33.00
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Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Prices are mostly steady following last week's declines. Acid markets are more unsettled with supplies available from many sources. In addition, lower priced offerings of restricted casein are available. Rennet supplies are tighter and demand is adequate to clear offerings. The market tone is steady to slightly firmer.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.3500 - 2.4700
ACID:	2.1500 - 2.2500

DECEMBER AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in December 1996 declined 1 point to 114. Compared with December 1995, the index was up 2 points (1.8 percent). The index of prices received by farmers for dairy products declined 6 points during the month of December 1996 to 109. Compared with December 1995, the index was up 3 points (2.8 percent).

On a 3.5 percent butterfat basis, prices received by farmers in December with changes from November were: for All Milk, \$13.98 per hundredweight (cwt.), down 83 cents; for Fluid Grade Milk, \$14.09 per cwt., down 82 cents; and for Manufacturing Grade Milk, \$11.58 per cwt., down 61 cents.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., DECEMBER 1996 WITH COMPARISONS

STATE	All-milk price 1/ 3/				Milk cows 5/		Cows 6/		All hay baled 7/	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	NOVEMBER		DECEMBER		DECEMBER		DECEMBER		DECEMBER	
	1996 2/	1995 2/	1996 4/	1995 2/	1996	1995	1996 7/	1995 8/	1996	1995
CA	13.74	12.60	13.03	12.56	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		30.00	29.00	117.00	97.00
IA	13.64	13.68	13.32	13.78			26.00	30.20	106.00	81.00
MI	15.71	13.61	14.67	13.87			29.00	33.20	117.00	69.00
MN	13.25	14.01	12.65	14.04			26.10	32.00	87.00	84.00
NY	15.32	13.79	14.22	14.02			---	---	91.00	91.00
OH	15.49	14.45	14.36	14.05			26.00	26.50	150.00	83.00
PA	16.43	14.15	16.01	14.49			28.50	32.10	123.00	96.00
TX	16.29	13.86	15.89	13.95			27.50	27.20	82.00	73.00
WA	14.34	13.45	12.80	13.06			---	---	110.00	92.00
WI	13.58	14.01	12.73	14.08			26.80	31.20	79.00	61.00
U.S.	14.81	13.69	13.98	13.71			27.60	30.40	96.00	81.30

1/ Prices converted to 3.5 percent butterfat. 2/ Partially revised. 3/ Before deductions for hauling, co-op fees, and Government withholding; but including bulk-tank, quantity, or other premiums, excluding hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Average prices received by farmers. Includes cull dairy cows sold for slaughter, and beef cows sold for slaughter and herd replacement. 7/ Mid-month price. 8/ Entire month.

MILK AND PARITY PRICE RELATIONSHIPS AND OTHER GENERAL PRICE MEASURES, U.S., DECEMBER 1996 WITH COMPARISONS 1/

ITEM	DECEMBER 1995	NOVEMBER 1996 2/	DECEMBER 1996 3/
PRICES (converted to 3.5 percent butterfat) received by farmers for:			
All milk Dol. per cwt.	13.71	14.81	13.98
Fluid grade milk Dol. per cwt.	13.81	14.91	14.09
Manufacturing grade milk Dol. per cwt.	12.63	12.19	11.58
INDEX NUMBERS for:			
Prices received by farmers for dairy products (1990-92 = 100) Index	106	115	109
Prices paid by farmers for commodities and services, interest taxes, and wage rates (1990-92=100) Index	112	115	114
PARITY PRICE for all milk Dol. per cwt.	27.60	28.90	28.80
PARITY EQUIVALENT price for manufacturing grade milk Dol. per cwt.	25.23	26.41	26.35
MILK FEED PRICE RATIO: Pounds of concentrate ration fed to milk cows equal in value to one pound of milk 4/	1.74	1.57	1.49

1/ Parity prices are based on data for the current month. Parity price equivalent during 1996 is 91.4% of the parity price of all milk sold to plants, unchanged from 1995. 2/ Partially revised. 3/ Preliminary. 4/ Computed by Dairy Division, AMS, USDA; based on concentrate ration value as reported quarterly in "Milk Production", NASS, USDA. Dairy feed price now are collected and reported only for the month of April.

SOURCE: "Agricultural Prices," Pr 1 (12/96), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

NOVEMBER 1996 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 94.3 million pounds in November, 4 percent above November 1995 but 1 percent below October 1996. **AMERICAN TYPE CHEESE** production totaled 260.7 million pounds, 3 percent above November 1995 but 2 percent below October 1996. **TOTAL CHEESE** output (excluding cottage cheese) was 587.5 million pounds, slightly above November 1995 but 3 percent below October 1996. **NONFAT DRY MILK** production, for human food, totaled 73.8 million pounds, 1 percent above November 1995 and 12 percent above October 1996. **DRY WHEY** production, for human food, was 75.8 million pounds, 9 percent below November 1995 and 8 percent below October 1996. **ICE CREAM** (hard) production totaled 49.6 million gallons, 9 percent below November 1995 and 20 percent below October 1996.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	NOV 1996	PERCENT OF:		YEAR TO DATE 1/ PERCENT	PRODUCT	NOV 1996	PERCENT OF:		YEAR TO DATE 1/ PERCENT
	1,000 LBS.	NOV 1995	OCT 1996			1,000 LBS.	NOV 1995	OCT 1996	
BUTTER	94,256	104	99	92	CONDENSED WHEY, SOLIDS CONTENT 8/ SWEET-TYPE, HUMAN FOOD	8,023	176	121	---
CHEESE					SWEET-TYPE, ANIMAL FEED	1,953	92	69	---
AMERICAN TYPES 2/ CHEDDAR	* 260,709	103	98	106	DRY WHEY PRODUCTS				
SWISS	199,029	103	97	---	DRY WHEY, HUMAN FOOD	75,816	91	92	---
BRICK & MUENSTER	17,099	107	93	---	DRY WHEY, ANIMAL FEED	4,163	66	88	---
CREAM & NEUFCHATEL	9,858	92	100	---	TOTAL DRY WHEY 9/	79,979	90	92	95
MOZZARELLA	57,988	98	94	---	LACTOSE, HUMAN FOOD & ANIMAL FEED	36,315	149	110	---
OTHER ITALIAN TYPES	179,623	100	95	---	WHEY PROTEIN CONCENTRATE				
TOTAL ITALIAN TYPES	44,657	92	101	---	HUMAN FOOD	17,201	112	90	---
ALL OTHER TYPES 3/	224,280	98	96	105	ANIMAL FEED	2,734	105	104	---
TOTAL	9,203	60	87	---					
COTTAGE CHEESE, CURD 4/	587,472	100	97	104					
COTTAGE CHEESE, CREAMED 5/	35,651	102	94	---					
COTTAGE CHEESE, LOWFAT 6/	29,357	99	93	96					
CANNED EVAPORATED & CONDENSED	25,288	108	94	102					
WHOLE MILK									
DRY WHOLE MILK									
NONFAT DRY MILK, HUMAN FOOD									
DRY SKIM MILK FOR ANIMAL FEED									
DRY BUTTERMILK									
YOGURT (PLAIN AND FLAVORED)									

MANUFACTURERS' STOCKS, END OF MONTH 10/							
PRODUCT	NOV 1996	PERCENT OF:		PRODUCT	NOV 1996	PERCENT OF:	
	1,000 LBS.	NOV 1995	OCT 1996		1,000 LBS.	NOV 1995	OCT 1996
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD				HUMAN FOOD	8,681	133	123
DRY WHEY, ANIMAL FEED				ANIMAL FEED	705	156	116
REDUCED LACTOSE & MINERALS--HUMAN & ANIMAL 11/				CANNED EVAPORATED & CONDENSED WHOLE MILK	16,549	38	76
LACTOSE, HUMAN FOOD & ANIMAL FEED				DRY WHOLE MILK	2,589	43	68
DRY BUTTERMILK, TOTAL				NONFAT DRY MILK FOR HUMAN FOOD	48,067	96	102
				DRY SKIM MILK FOR ANIMAL FEED	871	89	153

1/ 1996 cumulative as percent of 1995 cumulative. 2/ Whole milk cheese, including Cheddar, colby, washed curd, stirred curd, monterey and jack. 3/ Includes limburger formerly published separately. 4/ Mostly used for processing into creamed or lowfat cottage cheese. 5/ Fat content 4 percent or more. 6/ Fat content less than 4 percent. 7/ Includes combined Minnesota and Wisconsin production of 1,400,000 lbs. 8/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 9/ Excludes all modified dry whey products. 10/ Stocks held by manufacturers at all points and in transit. 11/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations. *Includes combined Minnesota and Wisconsin production of 118,103,000 lbs. **SOURCE:** "Dairy Products," Da 2-6 (1-97), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

FEDERAL MILK ORDER MINIMUM CLASS PRICE HIGHLIGHTS

BASIC FORMULA PRICES. The Basic Formula Price for December 1996 is \$11.34 per hundredweight at 3.5 percent butterfat. The December Basic Formula Price is the November base month Minnesota-Wisconsin (M-W) price of \$12.19 at 3.5 percent minus a change of \$0.85, which is the change in the butter/powder/cheese formula from November 1996 to December 1996. The December 1996 Basic Formula Price is \$0.27 less than last month and \$1.57 less than the December 1995 Basic Formula Price. This Basic Formula Price is the Class III price for December 1996 and is to be used in February 1997 for establishing minimum Class I (fluid use) prices and minimum Class II prices under Federal milk orders. To arrive at the minimum Class I price for each market, a Class I differential, ranging from \$1.20 in the Upper Midwest order to \$4.18 in the Southeastern Florida order, is added to this basic formula price. To arrive at the minimum Class II price for all markets, a differential of \$0.30 is added to this basic formula price. For those orders which adjust blend prices for butterfat contents varying from 3.5 percent, the producer butterfat differential per 0.1 percent butterfat is 6.8 cents. **MILK COMPONENT CONTENTS.** For the November 1996 base month M-W price, the butterfat content was 4.01 percent, protein 3.29 percent, and solids-not-fat 8.69 percent. For the December 1996 Basic Formula Price, the butterfat content was 3.98 percent, protein 3.25 percent, and solids-not-fat 8.66 percent.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/														
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	DECEMBER								JANUARY			FEBRUARY	
		PRICE PER 100 POUNDS								PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II
		1996	1995	1996	1995	1996	1995	1996	1995	1997	1996	1997	1997	1997
		DOLLARS								DOLLARS				
New England (Boston)	1 3/	17.37	15.85	14.43	12.91	11.40	12.97	11.81	11.30	14.85	16.11	11.91	14.58	11.64
New York/New Jersey (NY City)	2 4/	17.27	15.75	14.51	12.99	11.48	13.05	11.89	11.38	14.75	16.01	11.99	14.48	11.71
Middle Atlantic (Philadelphia/ Baltimore/Washington, DC)	4 5/	17.16	15.64	14.43	12.91	11.42	12.99	11.83	11.32	14.64	15.90	11.91	14.37	11.64
Carolina (Charlotte)	5	17.21	15.69	14.43	12.91	11.34	12.91	11.75	11.24	14.69	15.95	11.91	14.42	11.64
Tennessee Valley (Knox/Chat)	11	16.90	15.38	14.43	12.91	11.34	12.91	11.75	11.24	14.38	15.64	11.91	14.11	11.64
Southeast (Atlanta/Birmingham)	7	17.21	15.69	14.43	12.91	11.34	12.91	11.75	11.24	14.69	15.95	11.91	14.42	11.64
Upper Florida (Jacksonville/Tallahassee)	6	17.71	16.19	14.43	12.91	11.34	12.91	---	---	15.19	16.45	11.91	14.92	11.64
Tampa Bay	12	18.01	16.49	14.43	12.91	11.34	12.91	---	---	15.49	16.75	11.91	15.22	11.64
Southeastern Florida (Miami)	13	18.31	16.79	14.43	12.91	11.34	12.91	---	---	15.79	17.05	11.91	15.52	11.64
Michigan Upper Peninsula (Marquette)	44	15.48	13.96	14.43	12.91	11.34	12.91	11.75	11.24	12.96	14.22	11.91	12.69	11.64
Southern Michigan (Detroit)	40 6/	15.88	14.36	14.43	12.91	11.34	12.91	11.75	11.24	13.36	14.62	11.91	13.09	11.64
E. Ohio/W. PA. (Cleveland/Pittsburgh)	36	16.13	14.61	14.43	12.91	11.34	12.91	11.75	11.24	13.61	14.87	11.91	13.34	11.64
Ohio Valley (Columbus)	33	16.17	14.65	14.43	12.91	11.34	12.91	11.75	11.24	13.65	14.91	11.91	13.38	11.64

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/														
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	DECEMBER								JANUARY			FEBRUARY	
		PRICE PER 100 POUNDS								PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II
		1996	1995	1996	1995	1996	1995	1996	1995	1997	1996	1997	1997	1997
		DOLLARS								DOLLARS				
Indiana (Indianapolis)	491	16.03	14.51	14.43	12.91	11.34	12.91	11.75	11.24	13.51	14.77	11.91	13.24	11.64
Chicago Regional	30	15.53	14.01	14.43	12.91	11.34	12.91	11.75	11.24	13.01	14.27	11.91	12.74	11.64
Central Illinois (Peoria)	50	15.74	14.22	14.43	12.91	11.34	12.91	---	---	13.22	14.48	11.91	12.95	11.64
S. Illinois/E. Missouri (Alton)	32	16.05	14.53	14.43	12.91	11.34	12.91	---	---	13.53	14.79	11.91	13.26	11.64
Louisville/Lexington/Evansville	46	16.24	14.72	14.43	12.91	11.34	12.91	11.75	11.24	13.72	14.98	11.91	13.45	11.64
Upper Midwest (Minneapolis)	68	15.33	13.81	14.43	12.91	11.34	12.91	11.75	11.24	12.81	14.07	11.91	12.54	11.64
E. South Dakota (Sioux Falls)	76	15.63	14.11	14.43	12.91	11.34	12.91	---	---	13.11	14.37	11.91	12.84	11.64
Iowa (Des Moines)	79	15.68	14.16	14.43	12.91	11.34	12.91	11.75	11.24	13.16	14.42	11.91	12.89	11.64
Nebraska/W. IA. (Omaha/Sioux City)	65	15.88	14.36	14.43	12.91	11.34	12.91	11.75	11.24	13.36	14.62	11.91	13.09	11.64
Greater Kansas City	64	16.05	14.53	14.43	12.91	11.34	12.91	---	---	13.53	14.79	11.91	13.26	11.64
Southwest Plains (Oklahoma City)	106	16.90	15.38	14.43	12.91	11.34	12.91	11.75	11.24	14.38	15.64	11.91	14.11	11.64
Texas (Dallas)	126	17.29	15.77	14.43	12.91	11.34	12.91	11.75	11.24	14.77	16.03	11.91	14.50	11.64
Eastern Colorado (Denver)	137	16.86	15.34	14.43	12.91	11.34	12.91	---	---	14.34	15.60	11.91	14.07	11.64
Western Colorado (Grand Junction)	134	16.13	14.61	14.43	12.91	11.34	12.91	---	---	13.61	14.87	11.91	13.34	11.64
SW Idaho/Eastern Oregon (Boise)	135	15.63	14.11	14.43	12.91	11.34	12.91	11.15	10.76	13.11	14.37	11.91	12.84	11.64
Great Basin (Salt Lake City)	139	16.03	14.51	14.43	12.91	11.34	12.91	---	---	13.51	14.77	11.91	13.24	11.64
Central Arizona (Phoenix)	131	16.65	15.13	14.43	12.91	11.34	12.91	11.15	10.76	14.13	15.39	11.91	13.86	11.64
New Mexico/West Texas (Albuquerque)	138	16.48	14.96	14.43	12.91	11.34	12.91	11.75	11.24	13.96	15.22	11.91	13.69	11.64
Pacific Northwest (Seattle/Portland)	124	16.03	14.51	14.43	12.91	11.34	12.91	11.15	10.76	13.51	14.77	11.91	13.24	11.64
SIMPLE AVERAGE	---	16.47	14.95	14.43	12.91	11.35	12.92	11.68	11.19	13.95	15.21	11.91	13.68	11.64

* To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. For example, the minimum Class I price in Boston (the New England market) in February 1997 is \$14.58 per 100 pounds or \$1.25 per gallon (\$14.58 divided by 11.63 equals \$1.2537).

1/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order resumed effective June 1, 1996. This assessment applies to all persons who process and market more than 500,000 pounds of fluid milk products in consumer-type packages in the 48 contiguous States and the District of Columbia during the month.

2/ Names in parentheses are principal cities and pricing points of markets.

3/ Zone 1, Boston. Class I price at 201-210 mile zone--72 cents less.

4/ New York City metropolitan area. Prices at 201-210 mile zone: Class I - 72 cents less, Class II - 8 cents less, Class III - 8 cents less, and Class III-A - 8 cents less.

5/ Prices exclude a 6-cent direct delivery differential applicable to milk delivered to Philadelphia.

6/ Prices exclude a 10-cent direct delivery differential applicable to milk delivered to Detroit metropolitan area.

USDA ANNOUNCES ACTIONS TO HELP STABILIZE MILK PRICES

NASHVILLE, Jan. 7, 1997--U.S. Agriculture Secretary Dan Glickman today announced that he is taking several actions to strengthen farm-level milk prices. This past year dairy producers have faced record-high feed costs, reduced forage supplies and abnormally low culled cow and calf prices.

"Milk prices have declined sharply in recent months and dairy producers are very concerned about the future of their industry," Glickman said. "Based on my assessment of the dairy market situation and recent meetings with producer, processor and consumer organizations, I am directing the Department to take several short-term actions to help stabilize farm milk prices."

The actions Glickman announced today include:

! USDA will purchase \$5 million worth of cheese for use in domestic food assistance programs. This is in addition to the accelerated school lunch purchases already underway. USDA also will explore making additional purchases for other food assistance programs.

! USDA will work with private voluntary groups to increase the flow of dairy products into our international food assistance program.

! To stimulate exports, USDA will reactivate the Dairy Export Incentive Program (DEIP) for butterfat, which has been idle since mid-1995. USDA also has stepped up DEIP sales activity for non-fat dry milk. In addition, the Department is actively working with private voluntary organizations to increase utilization of dairy products in USDA international food assistance programs.

! Beginning this month, USDA's National Agricultural Statistics Service will begin collecting data for a national survey of cheddar cheese prices received by manufacturing plants. This is in response to concerns about the accuracy of reported prices. USDA also will review its use of National Cheese Exchange prices as part of Congress' mandate to reform and consolidate federal milk marketing orders by 1999.

"These actions will help to strengthen a dairy market that for the most part appears to have a solid foundation," Glickman said. Milk production last month was basically unchanged from one year ago following year-over-year monthly declines most of the year. And, despite the recent slowdown in commercial demand caused by double-digit increases in retail dairy product prices, demand for dairy products continues to exhibit steady annual gains.

"I understand that some would like to see USDA use the marketing order program as a price support program," Glickman said. "There are two compelling reasons why I cannot. First, in the Farm Bill, Congress instructed me to phase out price supports. Second, placing a rigid floor under fluid milk prices would have widely different effects in different regions of the country and would likely raise prices for consumers and reduce sales -- running counter to our intent."

The Basic Formula Price (BFP) for milk for November fell to \$11.61 per cwt., a \$2.52 per cwt. drop from the previous month and a decline of more than \$1.25 per cwt., compared with one year ago. The BFP declined further in December to \$11.34 per cwt., \$1.57 below the same month last year. The record drop in the BFP during November followed very large declines in wholesale dairy product prices. In September, the BFP peaked at a record \$15.37 per cwt. and, for all of 1996, the all-milk price is estimated at a record \$14.70 to \$14.80 per cwt., about \$2 per cwt. above last year and \$1 per cwt. above the previous record.

NOTE: USDA news releases and media advisories are available on the Internet.

Access the USDA Home Page on the World Wide Web at <http://www.usda.gov>

MINIMUM FEDERAL ORDER AND ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES 1/												
CITY	JAN 1995			JAN 1996			DEC 1996			JAN 1997		
	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference
	Dollars Per Hundredweight											
Atlanta, GA	14.94	15.24	0.30	15.95	16.30	0.35	17.21	18.48	1.27	14.69	16.70	2.01
Baltimore, MD	14.89	15.84	0.95	15.90	16.65	0.75	17.16	18.21	1.05	14.64	15.69	1.05
Boston, MA	15.10	15.58	0.48	16.11	16.84	0.73	17.37	18.50	1.13	14.85	15.98	1.13
Carbondale, IL **	13.87	14.83	0.96	14.88	15.99	1.11	16.14	18.04	1.90	13.62	16.04	2.42
Charlotte, NC	14.94	15.24	0.30	15.95	16.60	0.65	17.21	18.84	1.63	14.69	17.21	2.52
Chicago, IL	13.26	15.14	1.88	14.27	15.88	1.61	15.53	17.93	2.40	13.01	15.44	2.43
Cincinnati, OH	13.97	14.52	0.55	14.98	15.58	0.60	16.24	17.49	1.25	13.72	15.24	1.52
Cleveland, OH	13.86	14.33	0.47	14.87	15.39	0.52	16.13	17.20	1.07	13.61	14.93	1.32
Dallas, TX	15.02	15.17	0.15	16.03	16.23	0.20	17.29	17.84	0.55	14.77	15.66	0.89
Denver, CO	14.59	15.30	0.71	15.60	16.31	0.71	16.86	17.01	0.15	14.34	14.49	0.15
Des Moines, IA	13.41	14.01	0.60	14.42	15.17	0.75	15.68	17.28	1.60	13.16	15.28	2.12
Detroit, MI	13.71	14.71	1.00	14.72	15.55	0.83	15.98	17.05	1.07	13.46	15.52	2.06
Hartford, CT	15.00	15.48	0.48	16.01	16.74	0.73	17.27	18.40	1.13	14.75	15.88	1.13
Houston, TX	15.56	15.71	0.15	16.57	16.77	0.20	17.83	18.38	0.55	15.31	16.20	0.89
Indianapolis, IN	13.76	14.64	0.88	14.77	15.80	1.03	16.03	17.35	1.32	13.51	14.83	1.32
Kansas City, MO	13.78	14.18	0.40	14.79	15.34	0.55	16.05	17.30	1.25	13.53	15.30	1.77
Little Rock, AR	14.63	14.80	0.17	15.64	15.99	0.35	16.90	17.40	0.50	14.38	15.12	0.74
Louisville, KY	13.97	14.37	0.40	14.98	15.38	0.40	16.24	17.14	0.90	13.72	15.02	1.30
Miami, FL	16.04	16.99	0.95	17.05	18.57	1.52	18.31	21.32	3.01	15.79	19.26	3.47
Milwaukee, WI	13.17	15.05	1.88	14.18	15.79	1.61	15.44	17.84	2.40	12.92	15.35	2.43
Minneapolis, MN	13.06	13.66	0.60	14.07	14.82	0.75	15.33	16.90	1.57	12.81	14.90	2.09
New Orleans, LA	15.71	15.71	0.00	16.52	16.87	0.35	17.78	18.28	0.50	15.26	16.50	1.24
Oklahoma City, OK	14.63	14.80	0.17	15.64	15.81	0.17	16.90	17.55	0.65	14.38	15.27	0.89
Omaha, NE	13.61	14.21	0.60	14.62	15.37	0.75	15.88	17.13	1.25	13.36	15.13	1.77
Philadelphia, PA	14.95	15.95	1.00	15.96	16.66	0.70	17.22	18.22	1.00	14.70	15.70	1.00
Phoenix, AZ	14.38	14.38	0.00	15.39	15.39	0.00	16.65	16.65	0.00	14.13	14.13	0.00
Pittsburgh, PA	13.86	14.81	0.95	14.87	15.37	0.50	16.13	16.93	0.80	13.61	14.41	0.80
St. Louis, MO **	13.87	14.83	0.96	14.88	15.99	1.11	16.14	18.04	1.90	13.62	16.04	2.42
Salt Lake City, UT	13.76	13.91	0.15	14.77	14.92	0.15	16.03	16.18	0.15	13.51	13.66	0.15
Seattle, WA	13.76	14.21	0.45	14.77	15.22	0.45	16.03	16.33	0.30	13.51	13.81	0.30
Spokane, WA	13.76	14.21	0.45	14.77	15.22	0.45	16.03	16.33	0.30	13.51	13.81	0.30
Springfield, MO	14.05	14.45	0.40	15.06	15.46	0.40	16.32	16.97	0.65	13.80	14.45	0.65
Washington, DC	14.89	15.84	0.95	15.90	16.65	0.75	17.16	18.21	1.05	14.64	15.69	1.05
Simple Average	14.24	14.85	0.61	15.30	15.96	0.66	16.56	17.66	1.10	14.04	15.41	1.37

**Current month price is estimated.

1/ Class I prices announced for the beginning of the month by the major cooperative in each city market. These prices may not apply to all of the Class I sales in these city markets. Announced prices may not include handling or service charges applicable to milk from supply plants and competitive credits which may be allowed. These prices have not been verified as having been actually paid by handlers.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE PERIOD OF JANUARY 1 - 10, 1997			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/96	LAST YEAR	01/03/97	LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	-0-	-0-	-0-	13,984,000
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	13,984,000

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	BASIS	SOLIDS		BASIS	SOLIDS
PERIOD OF JANUARY 1 - 10, 1997 =	0.0	0.0	COMPARABLE WEEK IN 1996 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 1996 =	0.0	0.0	CUMULATIVE SAME PERIOD LAST YEAR =	0.0	0.0
CUMULATIVE JANUARY 1 - 10, 1997 =	0.0	0.0	COMPARABLE CALENDAR YEAR 1996 =	0.0	0.0

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/96 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
WEST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1997

MANUFACTURING MILK: Average Test 3.67% - \$10.20 per cwt.; 3.5% - \$10.10

DOLLARS PER POUND

BUTTER: Bulk \$.6500; 1# Prints \$.6800

CHEESE: 40 & 60# Blocks \$1.1300; 500# Barrels \$1.1000; Process American 5# \$1.1825; Process American 2# \$1.2225

NONFAT DRY MILK: Nonfortified \$1.0470; Fortified \$1.0570; Instant \$1.2045

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 12/21/96 & Comparable Week 1995

Regions*											1	2	3	4	5	6	7	8	9	10	U.S. TOTAL	% DAIRY OF ALL
											WEEK :	SINCE JAN 1	WEEK :	SINCE JAN 1								
1996-Dairy cows	HD (000)	0.4	1.5	7.5	5.8	27.3	2.6	3.8	0.9	10.3	2.7	62.8	2,957.7	41.8	42.8							
1995-Dairy cows	HD (000)	0.4	1.3	6.7	5.3	23.2	2.8	7.0	1.4	9.5	3.3	60.8	2,812.3	46.5	46.6							
1996-All cows	HD (000)	0.4	1.5	10.1	19.2	37.9	22.7	25.0	12.3	13.1	8.2	150.3	6,906.3									
1995-All cows	HD (000)	0.4	1.3	9.0	15.0	32.6	17.6	22.5	12.7	12.3	7.2	130.7	6,031.1									

*For source, states included in each region, and historical data, see "Dairy Market News", Vol. 55, Report No. 31

CCC MARKET PRICE PURCHASE ANNOUNCEMENT 1/07/97

CHEDDAR (FEB DELIVERY)	POUNDS	PRICE RANGE
BARRELS	40,280	REJECTED DUE TO PRICE AT \$1.3910

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/96 = 28,162,942 CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/96 = 4,921,148

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34